



CALIFORNIA STATE
PUBLIC WORKS BOARD

EDMUND G. BROWN JR. • GOVERNOR

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STATE PUBLIC WORKS BOARD

July 8, 2011

MINUTES

PRESENT:

Mr. Pedro Reyes, Chief Deputy Director, Policy, Department of Finance
Mr. Scott Harvey, Deputy Director, Department of General Services
Mr. Martin Tuttle, Deputy Director of Planning and Modal Programs, Department of Transportation
Mr. Jim Lombard, Chief Administrative Officer, State Controller
Mr. Francisco Lujano, Director Securities Management Division, State Treasurer's Office

STAFF PRESENT:

Greg Rogers, Administrative Secretary
Chris Lief, Assistant Administrative Secretary
Brian Dewey, Assistant Administrative Secretary
Stephen Benson, Budget Analyst
Madelynn McClain, Budget Analyst
Maria Lo-Aoyama, Budget Analyst
Deborah Cregger, Staff Counsel
Cynthia Munoz, Executive Assistant

CALL TO ORDER AND ROLL CALL:

Mr. Pedro Reyes, Chairperson of the Board and of the Department of Finance, called the meeting to order at 10:00 a.m. Mr. Greg Rogers, Administrative Secretary for the Board, called the roll. A quorum was established.

The first order of business was approval and adoption of the minutes from the June 10, 2011 meeting. Mr. Rogers reported Board staff had reviewed and recommended approval and adoption of the minutes.

A motion was made by Mr. Harvey with a slight correction. Mr. Harvey had served as Acting Director on the Board for a period of time, and in June he sat on the board as Chief Deputy Director on behalf of the Director of General Services Fred Klass. With approval of this change, a motion was made by Mr. Harvey.

A motion was made by Mr. Harvey and seconded by Mr. Lombard to approve and adopt the minutes. The minutes were approved by a 2-0 vote.

Mr. Reyes informed the Board that Action Item #1 would be heard prior to the Bond Item. The Board would need to consider establishing the project prior to considering adopting a resolution to authorize the project to seek interim financing.

ACTION ITEMS:

ACTION ITEM 1: Action Item #1 is for the Department of Corrections and Rehabilitation Claybank Adult Detention Jail Facility, located in Solano County

Mr. Rogers stated that the existing Claybank Adult Detention Facility is located on approximately 9.5 acres of the greater 21.4± acres of the county owned land. The new project consists of the design and construction of a new, single story jail facility on approximately 126,400 square feet and will be adjacent to the existing facility.

Mr. Rogers stated that the new facility will contain 3 general areas: housing, support services, and a central plant. The housing portion will contain 12 medium and maximum security celled housing units that will provide approximately 362 beds.

Mr. Rogers stated that partial financing of the construction of local jail facilities is appropriated by the Government Code Section 15820.903 in the amount of \$750,000,000 Public Buildings Construction Fund (lease revenue bond authority), and the initial allocation of this funding was administered through a competitive public process by the Corrections Standards Authority (CSA). CSA awarded \$61,545,000 from this appropriation to Solano County for this project. Any additional costs for the acquisition/study, design costs and construction costs will be paid by the county.

Mr. Rogers pointed out that on June 23, 2011 Department of General Services (DGS) completed a Summary of Conditions Letter which noted 3 unresolved issues requiring future action:

1. A written legal description, plat map for the project area, and site map have not yet been prepared.
 - a. This issue will be resolved during completion of the Ground Lease that will be executed as a part of the state's financing for this project. This agreement will come before the Board for review and consent prior to being fully executed.
2. The access right-of-way agreement between Solano County and the Fairfield Unified School District lacks adequate clarity, and
3. A large portion of the utility easement granted by the county to PG&E is over school district property and the district is not a party to the conveyance document.
 - a. A recommendation was made for issues 2 and 3, that the county obtain a new document specifically for the county's access easement and to perfect the easement it granted to PG&E in that portion of the conveyance crossing school district property.

Mr. Rogers stated that there are no other significant issues were identified, and staff continues to work with CDCR and the County to address the remaining 2 issues as the project proceeds.

In summary, staff recommends adopt staff recommendations.

There were no questions and or comments from the public.

A motion was made by Mr. Tuttle and seconded by Mr. Harvey to approve Action Item 1. Action Item 1 was approved by a 3-0 vote.

BOND ITEMS:

BOND ITEM 1: Bond Item #1 is for the Department of Corrections and Rehabilitation Claybank Adult Detention Jail Facility, located in Solano County.

Mr. Rogers stated that this bond item is associated with Action Item #1

Mr. Rogers explained that if the bond is approved, the requested action will adopt a resolution authorizing actions to be taken to provide for interim financing, the sale of lease revenue bonds, and related actions in connection with the authorization, issuance, sale and deliver of the revenue bonds.

Mr. Rogers stated that the action also includes approval and execution of a Project Delivery and Construction Agreement (an official binding agreement between the Board, the County and CSA), between Solano County, Department of Corrections and Rehabilitation, CSA, and the Board. As mentioned before, staff would not seek interim financing or go before the Pooled Investment Board until the 2 outstanding issues are resolved. The total amount of state funds authorized for this project is \$61,545,000.

In summary, staff recommends approval of the Item and adoption of the resolution.

There were no questions and or comments from the public.

A motion was made by Mr. Harvey and seconded by Mr. Tuttle to approve Bond Item 1. Bond Item 1 was approved by a 5-0 vote.

Mr. Rogers informed the Board there are no Consent Items for this month's agenda.

ACTION ITEMS:

ACTION ITEM 2: Action Item 2, the Judicial Council's New Redding Courthouse in Shasta County.

Mr. Rogers stated this project has been previously heard by the Board two prior times. Specifically, this action would authorize the acquisition of 10 out of the 11 parcels for the construction of a new courthouse and any associated improvements.

Mr. Rogers informed the Board 6 of the parcels are county owned and 4 of the parcels are privately owned which totals approximately 2 acres in the City of Redding. The City of Redding and the City's Redevelopment Agency are pursuing the last parcel via Eminent Domain, and will come before the Board at a later date.

Mr. Rogers explained the purpose of the proposed acquisition is to construct a new 14-courtroom, (approximately 173,000 square foot facility) and other associated improvements for use by the Superior Court of California for judicial, administrative and related purposes. The cost for the 10 parcels is \$2,035,000 (\$1,325,000 for the 4 privately owned and \$710,000 for the 6 County-owned parcels). The County has 2 existing court facilities which value at \$1,790,000. The equity from these court facilities will offset the costs for the County owned parcels and there are sufficient funds left to acquire all necessary parcels.

Mr. Rogers also explained the last parcel being acquired via eminent domain action has not been finalized. The private owner is not objecting the "right to take" the property and has signed a stipulation. On June 24, 2011, the court issued an Order of Possession to the Redding RDA, which granted the RDA the ability to take possession of the property by August 31, 2011. Board staff and AOC are confident that the remaining parcel will be acquired because of the actions taken by the private owner and the court.

In summary staff recommends approval of the acquisition.

Mr. Reyes asked a question as to the process for a property owner that doesn't want sell, and if it would be simpler if the state takes an eminent domain action and the property owner doesn't object to the eminent domain, wouldn't it be simpler to buy the land and not go through the eminent domain process?

Mr. Rogers replies that the RDA and the City are performing the eminent domain on behalf of the state. There is a disagreement on the value of the land and that is why the RDA and City started the eminent domain process. The seller is willing to sell the land to interested parties but there is a dispute on the valuation of the land.

Mr. Reyes inquires if the valuation of the land needs to be resolved under the eminent domain? At market value?

Mr. Rogers replies, yes, the court will determine the value of the land based on consideration of different appraised values.

Mr. Harvey asked if the RDA goes away due to the recent Budget Action, is this parcel a key to the project, or if for some reason this parcel fell out and still had 10 parcels, will the project go forward? And what type of agreement exists between the Administrative Office of the Courts (AOC) and any successor entity to the RDA.

Mr. Smith, Project Manager for the responded that the 11th parcel is the KEY parcel for the project. Under existing legislation, if the RDA goes out of existence, their successor, the City of Redding, has agreed to follow-up on any contractual agreement.

Mr. Rogers informed the Board that he was unsure if a formal agreement has been signed by the City and AOC. Mr. Smith informed the Board a Memorandum of Understanding has been signed between the City and AOC.

Mr. Harvey is satisfied with the clarification given by Mr. Smith.

A motion was made by Mr. Tuttle and seconded by Mr. Harvey to approve Action Item 2. Action Item 2 was approved by a 3-0 vote.

ACTION ITEM 3: Action Item 3, the Judicial Council's New Santa Barbara Criminal Courthouse in Santa Barbara County

Mr. Rogers stated this Item would authorize acquisition for approximately 1 acre for the construction of a new 8 courtroom, 98,000 square feet located in downtown Santa Barbara, for the use by the Superior Court of California for judicial, administrative, and related purposes. The privately-owned land is located next to the Figueroa Division Courthouse and across the street from the Historic Courthouse.

Mr. Rogers stated \$41,541,000 has been appropriated for this acquisition and can be acquired with the funds appropriated with the Legislative intent. On December 13, 2010, the Board approved the site selection for this property.

The property has current environmental issues, which is why it is being brought up to the Board as an Action Item. There are approximately 16 groundwater monitoring wells that have been installed on the property to clean up contaminated ground water that has migrated from surrounding locations. These wells are maintained by the County of Santa Barbara. The County has temporary right of entry to the property and licenses for the wells, which will remain effective after the state takes ownership; however, the County has indicated that these wells will be relocated prior to January 2014, which is the estimated start date of construction. If these wells are not moved, AOC has indicated that they can design the new courthouse around the wells in its current location. Board staff are confident that the wells are removing the contaminated

ground water to expected levels and they will not affect the design and construction of the new courthouse.

In summary, staff recommends approval of the Item and adoption of the resolution.

Mr. Harvey asked whether the County is committed to continue without something in writing. If the wells are not necessary for removal, they can stay by having something binding, and is not as important as if the wells had to go, but do we have any comment on what is meant by the County is committed to continue this environmental remediation and complete removal of the wells. Do we have something substantive from the county?

Mr. Dewey responded the AOC has a letter from the County committing to move the wells, but it's not a binding agreement. The County has stated they are committed and will fulfill their obligation.

Mr. Harvey reiterated that the AOC does not have to have the wells removed in order for this project to move forward.

Mr. Dewey confirmed that his statement was correct.

A motion was made by Mr. Harvey and seconded by Mr. Tuttle to approve Action Item 3. Action Item 3 was approved by a 3-0 vote.

OTHER BUSINESS

Mr. Rogers informed the Board that there were 2 Items under Other Business.

Other Business Item #1

The first item is an informational item for the State Department of Parks and Recreation. Parks was directed to return to the Board after the March 11, 2011 PWB meeting to report on concession(s) that were authorized by the Board for the San Diego Coast District State Beaches.

Mr. Luscutoff, Parks' Chief of Concessions, informed the Board that Parks released RFPs in April 2011. They received one response from LAZ Parking in May 2011. DPR sent the contract to LAZ Parking informing them they have with 30 days to respond and sign. LAZ Parking rescinded their offer prior to the deadline. He also noted that in this type of situation, the Department has the ability to negotiate a contract and letters of interest were mailed to all parties that showed interest in the project. Proposals are due back by July 11, 2011, and based on interest Parks expects to receive two proposals, and negotiate a final contract based on the proposals.

Mr. Harvey asked why did the 'successful bidder' on the initial RFP withdrew?

Mr. Luscutoff informed the Board that LAZ Parking was not confident enough to enter into a contract because of recent weak attendance figures, likely the result of unseasonable weather patterns. However, Parks expects to be able to negotiate a contract with one of the two interested parties that is relatively close to the terms and conditions contained in the RFP.

Mr. Harvey in turn replied that the interested correspondence was left open ended. It didn't say the firm(s) must meet these minimum requirements, instead it is saying we will select the firm that comes closest to the RFP.

Mr. Luscutoff confirms that response.

Mr. Harvey asked what were the fees going to be used for?

Mr. Luscutoff responded that the funds are going to go into the Department's State Park Recreation Fund (SPRF) Account to offset and run state parks. The Department is changing the mode on the new machines so it will give the public opportunity to have hourly rates at the beach and remove the full day fee. The Department expects a great increase in revenue.

Mr. Harvey stated that it is an advantage of having more than one firm to negotiate with and that competition is always better. He asked when is the new start date?

Mr. Luscutoff stated the proposals are due on July 11, 2011. They have had two interested parties and Parks expects they will have a signed contract with new machines in effect in August 2011.

Other Business Item #2

The second item is to rescind the appointment of Nathan Brady as Assistant Administrative Secretary to the State Public Works Board.

There were no questions and or comments from the public.

A motion was made by Mr. Harvey and seconded by Mr. Tuttle to rescind the position of Nathan Brady.

Second Item of Other Business was approved by a 3-0 vote.

REPORTABLES:

Mr. Rogers informed the Board there were two reportables on this month's agenda.

NEXT MEETING:

Mr. Rogers announced the next meeting Public Works Board meeting is scheduled for **Friday, August 12, 2011, at 10:00 am, at the State Capitol, in Room 113.**

There were no comments or questions from the public.

The meeting was concluded at 10:26 am.